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AFGHANISTAN



"Innovation and capital are two equally important components required for the success of any business. The work that FAIDA is doing for facilitation of financing for fledgling businesses like ours will, in the long run, have a pivotal impact in the revival of businesses and industries."

Merajudin Amiri
Operation Manager, Tak Dana Food Processing Company

ANNUAL REPORT

**FINANCIAL ACCESS FOR INVESTING IN THE DEVELOPMENT
OF AFGHANISTAN
FEBRUARY 2011 TO JANUARY 2012**

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FAIDA ANNUAL REPORT

FINANCIAL ACCESS FOR INVESTING IN THE DEVELOPMENT
OF AFGHANISTAN

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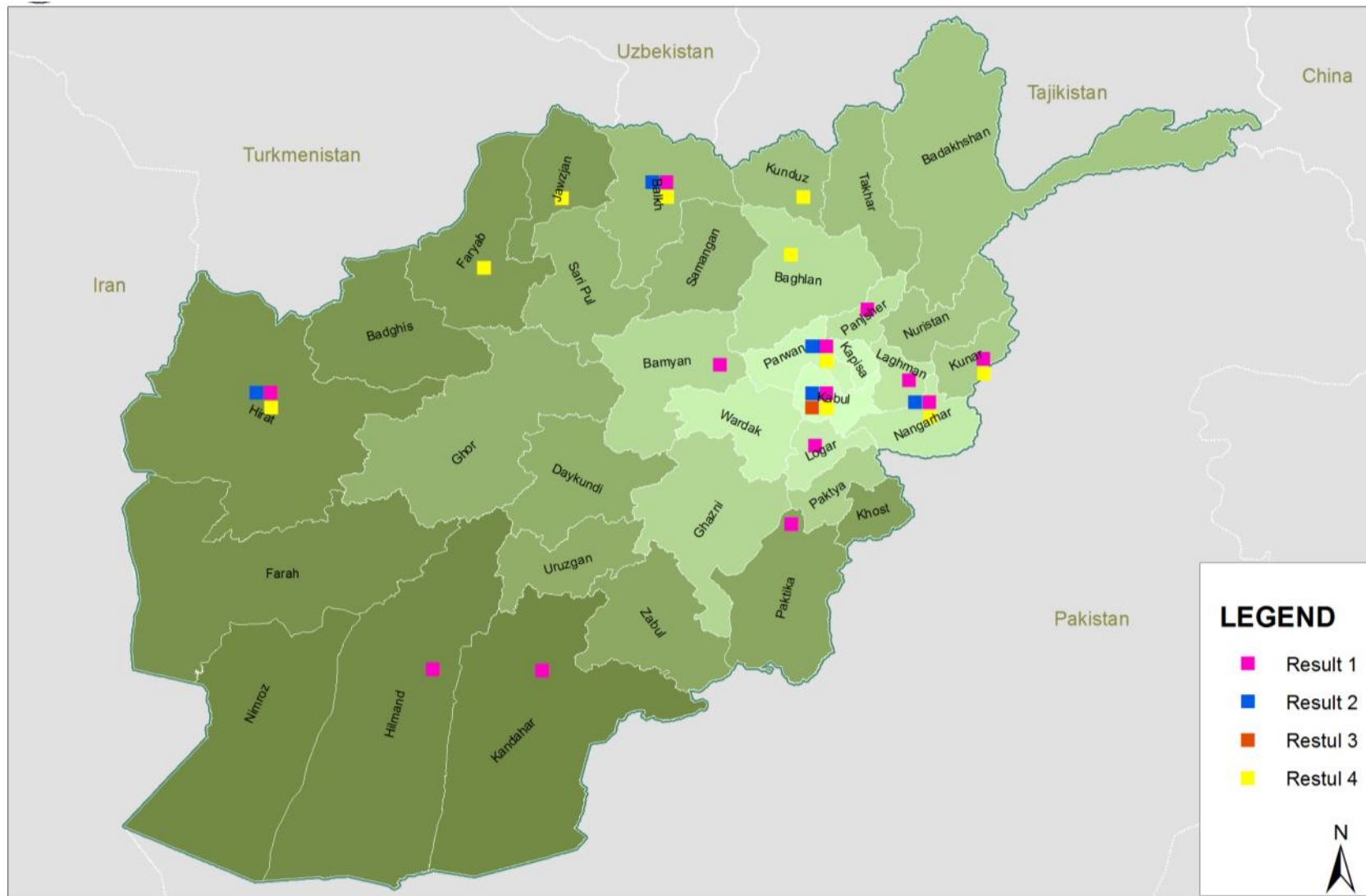
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ACRONYMS

ABA	Afghanistan Banks Association
ACCI	Afghanistan Chamber of Commerce and Industry
ACE	Agriculture Credit Enhancement
ACSP	Afghanistan Credit Support Program
ADF	Agricultural Development Fund
ADT	Agricultural Development Team
AFSA	Afghanistan Farm Service Alliance
AGF	Afghan Growth Finance
AIB	Afghanistan International Bank
AIBF	Afghanistan Institute of Banking and Finance
AISA	Afghanistan Investment Support Agency
AMA	Afghanistan Microfinance Association
ARFC	Afghanistan Rural Finance Center
CEO	Chief Executive Officer
DAB	Da Afghanistan Bank
DMFI	Deposit-gathering Micro Finance Institution
FAIDA	Financial Access for Investing in the Development of Afghanistan
FINCA	Foundation for International Community Assistance
FMFB	First Micro Finance Bank
FSCAA	Farm Service Center Association of Afghanistan
FTE	Full-Time Equivalent
GAP	Good Agricultural Practices
GIRoA	Government of the Islamic Republic of Afghanistan
MAIL	Ministry of Agriculture, Irrigation and Livestock
M&E	Monitoring and Evaluation
MFI	Microfinance Institution
MISFA	Microfinance Investment Support Facility for Afghanistan
MNO	Mobile Network Operator
MOU	Memorandum/memoranda of Understanding
MSME	Micro, Small and Medium Enterprises
NGO	Non-Governmental Organization
OPIC	Overseas Private Investment Corporation
PRT	Provincial Reconstruction Team
SME	Small and Medium-sized Enterprises
STTA	Short Term Technical Assistance
USAID	United States Agency for International Development
USG	United States Government
VFU	Veterinary Field Units

FAIDA'S REGIONAL PRESENCE



EXECUTIVE SUMMARY

In its first year of implementation, the Financial Access for Investing in the Development of Afghanistan (FAIDA) project has made great progress in its mandate to support a more sustainable, diverse, and inclusive financial sector within Afghanistan.

FAIDA helps USAID's Afghan partners in building capacity to deliver finance where it can be used most effectively, and in developing a legal framework and market infrastructure in which financial sector institutions and their business partners create value that provides growth and employment opportunities for all Afghans.

Result One works at the micro level with partner financial institutions to identify, develop, and provide tailored solutions including Islamic finance products. Linking lenders to businesses in need of financing throughout Afghanistan, Result One's regional coordinators have facilitated **more than \$19 million dollars in loan applications** in 2011.

Result Two works at the meso level to build the capacity of financial sector associations, training providers, and infrastructure organizations to deliver the support that lenders require. The team has already **created a foundational improvement through its assistance to these financial organizations**, increasing the likelihood that they will become sustainable.

Result Three works at the macro level to create an enabling lending environment that reduces risk and increases certainty. Within six months, **four draft regulations were completed**, submitted, and in advance stage of the legislative process.

Result Four works in Afghanistan's nascent mobile money industry to provide technical assistance to mobile network operators and introduce innovative new products and services. **A competitive mobile money industry is now established** in Afghanistan with four Electronic Money Institution (EMI) licenses pending with the Central Bank and the creation of an association of mobile money operators: an achievement that was deemed unthinkable twelve months ago.

The following report details FAIDA's progress from contract signing in February of 2011 through December 31, 2011¹. Organized by Result Team, project achievements are organized by the associated indicator from FAIDA's Performance Monitoring Plan.

¹ Because FAIDA's annual report is due prior to the completion of the project year, results data for the entire reporting period are not yet available. At the time this report was produced, results data were available only through December 2011.

RESULT ONE - MICRO LEVEL

FAIDA's first year proved productive for Result One. Over 19 million dollars in loan applications were pending with financial institutions as of 2011. During this time the principle focus was to assemble the Strategic Value Creation (SVC) and Product Design and Development (PDD) teams, build the capacity of the teams to identify loan prospects and potential lenders, facilitate access to credit, and design products which serve the needs of both the lenders and the borrowers. Significant attention was placed on developing relationships with USAID's Regional Commands, PRT, ADTs, Afghan government entities, USAID and other donor projects, such as the Agricultural Credit Enhancement (ACE)-Agricultural Development Fund.

FAIDA addressed the identification of potential borrowers and assessed the need for credit nationwide by engaging regional coordinators in four USAID Regional Commands, Mazar-e-Sharif, Nangarhar, Herat, and Kandahar, as well as in Kabul, and a female coordinator who addresses women's borrowing requirements. Regional coordinators developed close relationships with the Afghanistan Investment Support Agency (AISA), the Afghanistan Chamber of Commerce and Industries (ACCI), commercial banks, industrial parks, government organizations, private sector associations, women-related business development organizations, and others to identify and engage Afghan firms that would be viable lending prospects.



Farmers from Panjshir sell their mulberries as part of the market research study.

Once on the ground, the Strategic Value Creation team's regional coordinators aggressively identified and vetted successful businesses, and the coordinators played an important role in assisting the lenders and borrowers to develop concept papers, business plans, financial statements and projections, and loan application documents which met the lenders' requirements. The Result One team formed and implemented a pre-bank review process that ensured that borrowers' documents, which were presented to potential lenders, were complete, accurate, and met the requirements of the lenders. FAIDA's Product Design and Development team assisted in the process by designing loan products which met cultural and specific financial

requirements of the borrowers, while also complying with collateral and other lender requirements. In essence, FAIDA acted to enable credit, since the FAIDA program is not intended to be a lender, but rather a facilitator.

Through the above process, FAIDA identified the need for and facilitated \$350,000 in lending, and the team developed a pipeline of more than \$19 million by the end of

2011. This extensive list of potential deals, combined with an experienced regional coordination team, and a recently developed Product Design and Development team, lays the foundation for significant credit extension to businesses in virtually every sector of the economy. The extension of credit will create or sustain thousands of jobs for Afghans.

During the coming year, each regional coordinator will create an action plan that will augment our bottom-up firm level identification with top-down sectoral analysis for each region. The team will also field short term technical assistance that will engage leading companies in each sector to enhance their businesses and their ability to take on and responsibly service debt. Result One will also begin a series of business-to-bank roundtables around the country that will accelerate our client identification and promote on-going dialogue with financial institutions. With these activities and a growing number of Afghan partners committed to strengthening the financial sector alongside FAIDA, 2012 will be an exciting year for Result One.

Result One Indicators

The tables below and related narratives describe Result One's progress towards contractual indicators:

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
A	Number of full-time equivalent (FTE) jobs created	4	30	10

Jobs created to date include those related to the Panjshir Valley mulberry research program which facilitated the sale of 79 metric tons of mulberries to a Kabul juice factory where they were processed into pulp and juice. Historically over 70% of the crop had gone to waste before FAIDA's efforts to organize the sale and transportation of the crop. This activity provided the necessary data and experience to establish a demand-driven system for collecting and marketing Afghan fruits in local and international markets.

Additionally, with the help of a FAIDA-facilitated loan, the Naweed Maihan Copper Wire Production Company expanded its production by 70% and created eight new positions. Substantial progress in job creation is expected during the fourth quarter of Year One and the first quarter of Year 2, considering that lenders are currently reviewing 17 loan applications. If approved, these will create 2,316 new jobs.



Owner Bakhtiar Haidari demonstrates the copper wire produced in the Naweed Maihan Company.

Approval of a loan to Tak Dana, an Afghan import and export business, makes possible the distribution and sale of more than 500 metric tons of produce to both Afghan and foreign markets. The crop production has been pre-contracted for this spring's produce and will potentially create 150 new jobs.

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
1.1	Number of families benefitted	97	623	10

The number of families benefitted represents mostly the beneficiaries of the mulberry market research program. The total number of families benefitted will increase substantially following the expected approval of numerous loans currently under consideration. In addition, the full results of families benefiting has not yet been recorded for the Tak Dana loan.

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
1.2	Amount of private financing mobilized	0	100,000	250,000

Over the calendar year of 2011, Result One facilitated loans including \$100,000 to Naweed Maihan Copper Wire Production Company and \$250,000 to Tak Dana, a fruit drying and trading company. However, with over \$19 million in the finance facilitation pipeline, we expect a substantial increase in this number during CY 2012. This pipeline represents loans to more than 50 borrowers, in nearly every sector of the economy. For a full listing of pending loans, please see Annex B.



An employee of Tak Dana processes fruit in their Kabul facility.

To improve their facilitation of loans, Result One developed financial tools, including a matrix of existing loan products currently available from Afghan financial institutions, a table of existing sources of liquidity to fund strategic investment opportunities, and standard templates for presenting financing opportunities to potential lenders, i.e. concept papers, business plans, financial statements/ projections.

A scope of work was developed for a credit systems development expert, who will commit 95 days of STTA to address the need for credit to supply inventories and working capital to eighteen large scale Farm Service Centers, 370 Ag depots, and 450 Veterinary Field Units throughout Afghanistan. The expert will begin the consultancy in January.

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
1.3	Number of businesses supported with U.S. government assistance	2	21	18

Both SVC and PDD teams assist private businesses, associations, and cooperatives to obtain financing. The SVC team developed a Deal Tracker, (presented in Annex B) which lists the details of each credit facilitation deal that is approved, in process, or denied.

Result One also coordinated an “Investment Forum” in Kabul. The delegation included ten prominent businessmen and investors from Dubai. The meeting set the stage for continued discussions with members of the delegation and introduced the group to AISA.

The Result One team created multiple deal structures, utilizing funding from the Overseas Private Investment Corporation (OPIC), the Agricultural Development Fund (ADF) and the International Finance Corporation (IFC) in order to help facilitate the potential development of large-scale fruit processing facilities in southern and central Afghanistan. This activity is still under consideration by different financial institutions.

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
1.4	Number of new financial products developed by U.S. government-assisted financial institutions	0	0	3

The PDD team recently reached full staffing and developed two new loan products during 2011, *Ijara* (Sharia-compliant leasing) and *Salam* (Sharia-compliant agricultural lending). Both products were submitted to Da Afghanistan Bank’s Sharia Board for review, comments, and adoption. A new *Murabaha* loan product will be released for review by Da Afghanistan Bank (DAB) in January, 2012 and additional products are in development, such as Letter of Guarantees, and *Musharaka* (partnership deals).

As part of the PDD team’s work in developing Sharia-compliant loan products, the team conducted four workshops including an Afghanistan Institute of Banking and Finance (AIBF) and FAIDA *Executive Workshop on Islamic Lending*, an *Islamic Finance Workshop* for the Afghanistan Microfinance Association (AMA) and an *Introduction to Islamic Finance* training to staff members of numerous partners. Along with FAIDA’s Result Two team, PDD organized an Islamic finance working group made up of banks, Microfinance Institutions (MFIs), and the DAB. Together

they will enhance the practice in Afghanistan, develop products and contribute knowledge within the sector.

The PDD team is providing technical assistance to Bakhtar Bank, Pashtany Bank, and Afghan Growth Finance (AGF) to enhance and develop Islamic Banking Windows and is assisting AGF in developing their leasing program which includes both conventional and Sharia compliant (*Ijara*) offerings.

RESULT TWO- MESO LEVEL

At the meso-level, covering financial market infrastructure, FAIDA builds the capacity of financial sector associations, training providers, and infrastructure organizations to deliver the support that lenders require. To increase the professionalism and expertise of financial sector personnel, Result Two has two operating units:

Sector Capacity Building Team. This team helps FAIDA's meso-level financial sector partners build their organizational and human capacity to provide support services such as training, advocacy, and member services. Counterparts include Afghanistan Institute of Banking and Finance (AIBF), Microfinance Investment Support Facility for Afghanistan (MISFA), Afghanistan Microfinance Association (AMA), Afghanistan Banks Association (ABA), American University of Afghanistan (AUAF), and Afghanistan Credit Support Program (ACSP).

Training Team. This team leads FAIDA's training activities and builds the training capacity of FAIDA counterparts.

The Result Two team developed an institutional assessment tool by adapting methods and materials from USAID and other donors. This institutional assessment tool helps assess an institution's current status and capacity, and assess the future potential for sustainability. FAIDA's Grants and Subcontracts team contributed a pre-award grant eligibility assessment to the assessment instrument.

Result Two Indicators

The tables below and related narratives describe Result One progress towards contractual indicators:

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
2.1	Number of financial sector training and/or certification programs established or supported that meet international standards	3	14	25

Throughout the first contract year, Result Two managed FAIDA's overall training program, leading training-of-trainers sessions as well as presenting sessions at MISFA, AMA, Da Afghanistan Bank (DAB), and AIBF.

Short-term consultants Bill Tucker and Rashmi Ekka, along with Result Two staff LB Prakash, Philip Smith and Pariwash Rustaqi worked closely with AIBF to build its training capacity. FAIDA is helping AIBF to develop and deliver training modules and course curricula. Four microfinance certificate courses for loan officers, branch managers, internal auditors, and finance managers were developed. The project also developed an asset management course based on the highly participatory approach requested by AIBF.

Result Two supported AMA in the development of a MFI Training Needs Assessment (TNA) strategy and questionnaires. FAIDA supported AMA in administering the TNA in Kabul and the provinces. The regional assessments are ongoing.

In collaboration with the FAIDA Gender Mainstreaming team and Result Four, Result Two facilitated the first of many capacity building workshops for Afghan businesswomen in Jalalabad in December. The two-day roundtable conference drew 44 participants from women's business associations and the Directorates of Women's Affairs of Nangahar and Laghman provinces. The program introduced FAIDA's activities and included training on elements of business, marketing, financing, mobile money and a discussion of issues that affect women in business. Future events are in the pipeline for other regional workshops, with events scheduled for Mazar-e-Sharif and Herat in January, 2012.

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
2.2	Number of financial sector employees trained with U.S. government assistance	29	69	273
2.3	Number of financial sector professionals/supervisors trained with U.S. government assistance	6	47	56

Throughout the year, FAIDA facilitated trainings through MISFA, AMA, DAB, and AIBF. These sessions included participants from most MFIs and banks. A comprehensive list of trainings can be found in Annex C. The high number of female participants was a positive indication of more women becoming involved in the financial sector, and FAIDA's focus on empowering women.

The trainings include a two-day GOALS (Growth/ Operations/ Assets/ Liabilities and Equity/ Safety) course covering financial trends analysis for banks and microfinance institutions (MFIs), delivered by Mr. Tucker. The training was attended by 15 bankers and MFI staff and received excellent feedback from the trainees and AIBF.

The total number of participants in all training was 480 , including 181 women, from DAB, AIBF, MISFA, AMA, TAFA, commercial banks, and MFIs.

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
2.4	Number of financial institutions with enhanced capacity as a result of U.S. government assistance	0	11	11

Training programs led by Result Two enhanced the capacity of multiple banks, MFIs, and other related financial sector firms and organizations. Participants came from the following organizations:

Banks	MFI and Others
Da Afghanistan Bank	BRAC MFI
Afghanistan International Bank	Hope for Life
Afghanistan United Bank	FINCA
Arian Bank	Mutahid DFI
Azizi Bank	OXUS
Bakhtar Bank	Islamic Investment and Finance Cooperatives Group
Bank Alfalah	MISFA
BMA	Afghanistan Microfinance Association
BRAC Bank	Afghanistan Institute of Banking and Finance
First Microfinance Bank	Afghanistan Banks Association
Ghazanfar Bank	Afghanistan Rural Finance Company (ARFC)
Maiwand Bank	Farm Service Center Association of Afghanistan (FSCAA)
Standard Chartered Bank	

Afghanistan Banks Association (ABA). Result Two worked with the ABA to help the organization achieve its goal of becoming a credible voice for the Afghan banking sector. In order to achieve that goal, ABA intends to improve services to its members by adding legal, banking and mobile banking experts to its staff.

Afghan Chamber of Commerce and Industry (ACCI). FAIDA explored collaboration with ACCI, particularly with the Women's Committee, however pending the outcome of elections and the priorities of the new Board of Directors, FAIDA will determine the extent of future partnership.

Afghanistan Institute of Banking and Finance (AIBF). FAIDA has worked extensively with AIBF, initially completing an institutional assessment and pre-grant eligibility assessment. The assessment process highlighted a number of opportunities for growth that have been incorporated into a joint AIBF/FAIDA work plan that focuses on establishing a "center of excellence" which would be a comprehensive training facility for the financial sector and thereby eliminate or lessen duplication and fragmentation of training among various organizations. Elements of this strategy are:

"FAIDA technical staff Mr. LB Prakash and Mr. Phil Smith are always available for any technical support AIBF may require and they helped AIBF in enhancing its training materials for Microfinance and also the financial management. We appreciate FAIDA efforts and wish them all success in the development of financial sector of Afghanistan"

-Maiwand Rohani, Acting Director Afghanistan Institute of Banking and Finance

- Create an AIBF microfinance department, including job descriptions and recruiting an expatriate professional to lead the department.
- Design microfinance certificate programs, and revised training curricula, toolkits, and material.
- Support capacity building of AIBF national trainers in financial management and in participatory training methodologies.

- Develop an advanced microfinance course for branch and area managers.
- Develop Certified Risk Manager and Compliance Officer training programs in collaboration with DAB.

The assessment also resulted in AIBF registering as a not-for-profit organization under the Law for Non-Governmental Organization, Ministry of Economy of Islamic Republic of Afghanistan. AIBF received \$1 million as a grant from the World Bank toward operating costs, technical assistance, and fixed assets.

Short-term consultant Bill Tucker, fielded by FAIDA in September, worked with AIBF to build its training capacity and develop a new microfinance department. FAIDA supported AIBF in developing and delivering training modules and course curricula. The design and content of the *Certificate Course for Loan Officers*, *Certificate Course for Branch Managers*, *Certificate Course for Finance Managers*, *Certificate Course for Internal Auditors*, as well as the general *Advanced Course in Microfinance*, which will complement AIBF's Basic Course, were finished. The previously developed AIBF *Basic Course in Microfinance* was modified to accommodate participatory methodology to be delivered without using a computer.

	Units ²	Certificate Courses			
		Loan Officers	Branch Managers	Internal Auditors	Finance Managers
The Basic Course in Microfinance ³	9	x	x	x	x
Delinquency Management ²	1	x	x	x	x
Customer Relationship Management	2	x	x		
Measuring MFI Performance ⁴	5		x	x	x
Internal Audit ²	4			x	
Financial Risk Management	2			x	x
Balancing Risks and Returns	4				x
Total Units		12	17	21	21

Additional technical support given to AIBF includes:

- Training for MFI staff on the six microfinance client protection principles.
- Development of an annotated list of websites which the AIBF microfinance trainers can access for technical materials and to monitor overall trends in the world of microfinance.

FAIDA supported AIBF in a series of coordination meetings with AMA and MISFA to discuss microfinance sector development strategies. As a result, AIBF now has a clearer idea about the MFI's training priorities and vision for the future. These

² Each unit is a half-day class.

³ These courses have been developed by Mr. LB Prakash, Development Capital, for AIBF during 2010, and were adapted.

⁴ This course was developed by short-term consultant, Rashmi Ekka, AZMJ.

discussions also provided input for AIBF's new microfinance department's strategy. FAIDA supported the selection of AIBF Head of Microfinance Department.

An AIBF seed grant was issued by FAIDA for AFN 4,445,260 (about \$94,580). AIBF is using these funds to initiate the following programs to strengthen financial sector skills and education through:

- The establishment of a microfinance department;
- The establishment of an Islamic finance department; and
- The launch of a distance-learning program with three diploma streams.

In collaboration with Kampala International University (KIU) in Tanzania, AIBF launched the distance-learning program by offering three one-year diploma programs in human resource management, managerial accounting, and microfinance. The program was designed by KIU, Dar es Salaam College, and is already working successfully in other countries. KIU will provide approximately 2,000 electronic books and reference materials for students and AIBF faculty in Afghanistan via an online virtual library. AIBF also intends to make the virtual library available offline to the students through its computer lab. FAIDA staff members participated in a working group on the distance-learning program that included AIBF, AMA, and MISFA.

The distance-learning program offers an opportunity to women professionals to enhance their professional skills, while having the flexibility to manage their study time and location. The program will also benefit those who live outside Kabul, and do not have the option of accessing high quality courses.

AIBF decided to offer the course initially to existing staff of banks, MFIs and other institutions in the financial sector, before making it available to all. Fifty-two students enrolled for the distance learning program. Almost 25% of the students enrolled are women. A similar percentage of students (27%) enrolled from the provinces.



Maiwand Rohani (left), Acting AIBF Director, introduces the new distance-learning program.

Afghanistan Microfinance Association (AMA). FAIDA completed an Institutional Assessment of AMA in the second quarter of 2011, which identifies measures necessary for AMA to become relevant and sustainable over the next four to five years. Some of the recommendations that will transform AMA into a vibrant association representing the development finance sector in Afghanistan are:

- Hosting coordination meetings among member CEOs
- Promoting member self-regulation through adherence to and assessment against the performance standards developed by MISFA

- Coordinating the sector capacity building efforts in collaboration with MISFA, AIBF and ABA
- Delivering trainings and following up on the trainings in the provisions
- Collaborating with MISFA in the areas of regional coordination, public relations and advocacy
- Initiating a new client database (Credit Bureau) initially incubated by MISFA and subsequently managed by AMA
- Strengthening the development finance sector infrastructure, including information collection, analysis and dissemination mechanisms and
- Supporting MFIs to transition into Deposit-gathering Micro Finance Institutions (DMFIs)

“FAIDA’s support is enabling AMA to redefine itself and become a true representative of the microfinance sector in Afghanistan”

-Najib Samim, Executive Director
Afghanistan Microfinance Association

Upon completion of AMA’s institutional assessment, FAIDA reviewed the AMA’s charter in preparation for revising the organization’s Articles of Association to make them more comprehensive, and shared the newly drafted articles with AMA. The AMA General Assembly approved the new Articles of Association, as drafted by FAIDA. The change in the AMA Articles of Association is

resulting in AMA looking beyond MISFA partner MFIs, expanding its membership base, positioning itself as a voice of the microfinance sector and focusing itself on advocacy, public relations and communications, and, regional coordination.

The AMA General Assembly also voted to change its name to *Afghanistan Development Finance Association, (ADFA)* in order to reflect its transformation and new mandate. The new name reflects the broader range of organizations that will be eligible to become members under the new Articles, helping to achieve sustainability. AMA decided that, sequentially, it would be more effective to renew its registration with the Ministry of Justice and then amend its articles. Accordingly, the association renewed its registration, and will pursue change of name and articles in the coming year.

A transformed AMA is expected to evolve into a sustainable and vibrant institution, capable of taking over some of the activities which are currently being performed by MISFA, including potentially the credit database.

FAIDA approved an in-kind grant for the purchase of furniture and office equipment, totaling AFN 855,500 (equivalent to \$18,398). An AMA seed grant was issued by FAIDA for AFN 2,400,000 (equivalent to \$49,679), for the period of November 2011 to March



AMA Executive Director Najibullah Samim signs a grant agreement with FAIDA at Chemonics’ home office in Washington, DC

2012. AMA is using these funds to initiate the following programs:

- Expand membership base.
- Conduct Regional Coordination meetings in collaboration with MISFA.
- Conduct peer learning workshops and trainings in the regions outside Kabul.

FAIDA also supported AMA in the following ways:

- Assisted in the development of a human resources manual for AMA to serve as a model for human resources manuals at meso-level institutions. The manual outlines AMA human resources policies and procedures; the recruitment process; performance appraisal; growth, and termination; benefits; and a code of conduct.
- Developed a chart of accounts, and assisted in developing a finance policy, and in the training of the accountant.
- Developed an authority delegation chart
- Drafted membership application forms

AMA plans to visit the Pakistan Microfinance Network (PMN) in the first quarter of 2012 to learn how it functions and about the services it provides its members.

Da Afghanistan Bank (DAB). A case study was completed for the financial statement analysis of banks which was then used for instruction at the Financial Supervision Department of DAB. Assistance was provided to DAB for various accounting issues relating to commercial banks.

Microfinance Institution Support Facility for Afghanistan (MISFA) Regular meetings with MISFA, AMA and AIBF resulted in achieving role clarity among these three institutions working for the microfinance sector in Afghanistan. Potential collaboration was determined by considering the financial sector ecosystem, existing mutual relationships and institutional sustainability.

During its interactions with different MFIs, FAIDA realized the need for developing a client database, which could be shared across the MFIs, and any other interested parties. MISFA is developing a client database system and requested FAIDA provide grant support for long-term salary payment for the Database Administrator, to manage the database, and ensure that the client data is entered correctly and regularly. As a client database is an important step in ensuring that multiple lending is avoided, and will also help implement the client protection principles, FAIDA is considering the request, and has asked MISFA to submit a grant application.

FAIDA trained MISFA technical support, monitoring and supervision staff on Financial Management of MFIs. FAIDA utilized the opportunity to train MISFA staff to also build capacities of trainers of AIBF and AMA, as well. The training received excellent feedback.

Select Feedback from Participants of *Financial Management for MFIs*

- *“Awesome”*
- *“The trainer was very good in explaining the ratios and gives real examples. I like the way she gives real examples of different MFIs”*
- *“It was very participatory method”*
- *“Financial Management was too much important and we learnt more thing(sic)”*
- *“The content was totally effective.”*
- *“The instructor was outstanding in terms of explaining and providing” real-life examples.*

Subsequent to the financial management training, MISFA staff were mentored for improved monitoring of its partner MFIs.

A three-day training on the Accounting Cycle was also delivered to MISFA staff. The participants were delighted with the training because, as they noted, they’ve been working with MFI financial statements for years but never completely understood them. Participants were also able to finally understand the meanings of such line items as “subordinated loans” which are included in the monthly reporting format for MISFA’s partner MFIs.

RESULT THREE- MACRO LEVEL

FAIDA's Result Three creates an enabling lending environment that reduces risk and increases certainty. The team became fully active in July 2011; during the period covered by this Annual Report, Result Three focused much of its effort on providing substantive support for Afghanistan's central bank, Da Afghanistan Bank (DAB), and on improving the financial sector's regulatory framework, as well as harnessing interest among reformers generated by the World Bank's *Doing Business Rankings*. Result Three also worked with USAID's TAFE project regarding the provision of guaranties for truckers and traders. To allow Result Three to perform this work, a new Team Leader, John Corrigan, was engaged in July, 2011.

Result Three Indicators

The tables below and related narratives describe Result Three progress toward contractual indicators:

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
3.1	Number of public-private dialogue mechanisms utilized as a result of U.S. government assistance.	0	1	2

During the drafting of the EMI regulation, there were two official dialogue meetings with regulatees and licensees at DAB. In addition, Result Three led four presentation-and-feedback sessions regarding the Doing Business Initiatives to AISA, ACCI, and the Ministry of Commerce.

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
3.2	Number of working groups established to address financial sector development issues as a result of U.S. Government assistance	0	1	2

Working groups are not typically employed in the context of legislative and regulatory drafting in Afghanistan. However, DAB did appoint relevant personnel to serve as "contact point" and "team leader" with regard to each of the DAB-related regulations. In collaboration with Result Two, working groups from the microfinance sector were organized for review of the DMFI regulation.

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
3.3	Number of comments provided on financial sector related laws and regulations as a result of U.S. government assistance	0	6	3

Electronic Money Institution Regulation. The EMI Regulation was a significant body of work for Result Three this year and involved close collaboration with Result

Four. Result Three re-drafted the regulation and elicited through public-private dialogue mechanisms the necessary input from affected regulatees and licensees. This was to ensure that the EMI Regulation, and all other regulatory initiatives accommodating so-called “mobile money” are first, constitutional, and second, deferential to Afghanistan’s obligations to investors and licensees whose investments and legal rights pre-date the said mobile money initiatives.

At the encouragement of FAIDA, DAB’s Office of General Counsel solicited commentary regarding the draft regulation in June, and by mid-July, all persons and entities from whom commentary had been solicited contributed written submissions. Open meetings were also held wherein regulatees and licensees raised concerns. After reviewing the commentaries, and with consultation among relevant DAB personnel, Results Three and Four modified the draft regulation. On July 26 2011, the Supreme Council of the DAB approved the EMI regulation, which is formally codified as an amendment to the previous Regulation on Money Service Providers. Regulatees/licensees expressed satisfaction with the degree of participation afforded to them in the process.

Since the approval of the revised regulation, FAIDA has been assisting DAB regulators in the licensing and oversight process of the MNOs.

Corporate Governance Regulation. International Monetary Fund (IMF) and International Finance Corporation (IFC) personnel have repeatedly stressed to DAB that Afghanistan lacks a series of rules that serve to assure the public that the banks which DAB oversees are open, transparent institutions that are dedicated to the notion that banking institutions are true financial intermediaries. As such, DAB, asked FAIDA to provide a draft regulation that, if adopted, would address the concerns raised by the IFC and the IMF.

Result Three drafted a regulation on Bank Corporate Governance, essentially taking aim at interlocking directorates, consanguine relations, unfair competition, and the use of holding companies to circumvent the oversight authority of DAB. Relevant DAB personnel are currently reviewing the draft, and Result Three has scheduled a seminar for DAB staff on the draft regulation.

Capital Injections. When a banking institution faces liquidity problems, it first looks to investors and creditors. When those sources of funding are unavailable, it must look to the Regulator. The Regulator, for its part, must decide whether the bank is solvent, and whether the Regulator’s furnishing a capital injection is warranted. Presently, Afghanistan lacks a law or regulation that attempts to govern the complexities that arise when the Central Bank agrees to inject capital into a banking institution that it regulates.

In September, Salim Sallah of DAB’s Licensing Department asked FAIDA to provide a preliminary draft regulation on capital injections. Throughout the autumn and winter, Result Three attended to that request, and met with relevant DAB personnel to discuss highlights. A draft is currently pending.

Non-Bank Financial Institutions. Result Three coordinated with the Result Two and the Rural Finance and Co-operative Development Program regarding an omnibus

draft regulation that would cover MFIs, Credit Unions, and Financial Co-operatives. However, late in the autumn it was decided with DAB that a more efficient course of action would involve a separate regulation for Deposit Taking Microfinance Institutions (DMFIs). This is because a skeletal draft already existed, and CGAP lawyers had completed their review of it.

Result Three, with significant input from Result Two and from MISFA, re-worked the draft, and FAIDA has advocated the progress of this draft. Such progress has stalled, likely due to administrative and personnel changes imposed by the newly-appointed governor. Result Three is continuing to work on the requisite introductory seminar and the executive summary and will meet in January with World Bank and MISFA counterparts to measure progress.

Afghanistan-Pakistan Transit Trade Agreement (“APTTA”). FAIDA responded to the need for a credit support facility for the issuance of “truck guaranties” required by Protocol Two of APTTA by meeting with the Afghan Trucker’s Union and certain banks (and an *ad hoc* working group). At the same time, the Pakistani government proposed a form guaranty and one of the members of the *ad hoc* group, Habib Bank, asked that Result Three review it and make necessary changes.

Result Three produced:

- Bylaws for the Truckers’ Union
- Articles of Incorporation for the Truckers’ Union
- Trusteeship Agreements
- Counter Guaranties
- Proposed re-draft of the Pakistani form guaranty.

TATA personnel reported that, on September 6, 2011, the Pakistani negotiators tentatively agreed to these changes in the Pakistani form guaranty. However, events external to the core purposes of these guaranties have occasioned delay.

World Bank *Doing Business* Rankings. In August and September, FAIDA fielded Tato Urjumelashvili, an expert on improving a country’s ranking in the World Bank’s *Doing Business Indicators*. He produced a memorandum that lists five areas in which Afghanistan could initiate non-political, non-controversial reforms that would lead to an immediate, measurable improvement in Afghanistan’s ranking.

To provide real-life examples of a country’s improvement in the indicators, Result Three employee



Naseem Akbar(AISA) and Musa Shafiq (FAIDA) participate in a tour of Georgia’s shipyards in an anti-corruption workshop in Batumi.

Musa Shafiq accompanied a delegation of GIROA officials to Batumi, Georgia to participate in a workshop on Public Service Delivery of the Future- Beating Corruption, Streamlining Performance. Naseem Akbar, Vice President AISA; Sayeed Mohammad Mehdi Hussaini, Deputy General Auditor of the High Office of Control and Audit; Abdul Rahim Saeedi, Director General of MOCI Private Sector Development Directorate; and Abdul Wassay Haqiqi, Afghanistan Chamber of Commerce and Industry participated in the workshop.

Throughout the autumn, FAIDA's Result Three worked with relevant AISA personnel to begin to implement Mr. Urjumelashvili's five "Quick Wins." Among the recommendations was that Afghanistan join the *Hague Convention of October 5, 1961 Abolishing the Requirement of Legislation of Foreign Public Documents* ("Hague Convention"). Were Afghanistan to do so, foreign investors, lenders/borrowers, lessors/lessees, and property purchasers would find that transactions in Afghanistan would be streamlined, and Afghanistan's *Doing Business* ranking in several categories would rise commensurately.

Result Three examined the process and procedures that a country must undertake in order to accede to the Hague Convention. Once Result Three completes its research, it will produce a report for its counterparts at the Afghanistan Investment Support Agency, with a view toward forming a Hague Convention working group.

RESULT FOUR- MOBILE MONEY

During FAIDA's first contract year, after receiving the notice of many in the development community and support from the initiatives of USAID Administrator Dr. Rajiv Shah, Mobile Money and Branchless Banking has developed into a result team of its own.



Cell phones in hand, USAID Administrator Rajiv Shah (center left) and Minister of Communications and Information Technology Amirzai Sangin (Center Right) demonstrate a mobile money transaction.

To support this nascent industry, infrastructure changes were needed to encourage private sector participation, and government institutions' partnership, as well as mobile subscribers' buy-in and acceptance. FAIDA's new Result Four team has supported the sector's development through technical assistance and grants.

At the Afghanistan Mobile Money Stakeholder Summit on March 29, 2011, FAIDA's \$5 million Innovation Grant Fund was announced to support private

companies in their development of creative applications of mobile money. Competition amongst mobile network operators as they introduce their own mobile money platforms, products, and services to tap new market segments and create differentiation of their services to the Afghan market has the potential to greatly expand mMoney penetration within the country.

Significant obstacles remain for mobile money in security, literacy issues, government buy-in and cultural acceptance, particularly in remote communities. However, with the involvement of international donor communities this holistic approach on public-private partnership will pave the way for a faster up-take on mobile money usage and make Afghanistan a world model for growth and development.

With the addition of Mobile Money and Branchless Banking to FAIDA's result team lineup, the project has established several new targets to appropriately capture mMoney's contributions. Long term goals include:

- 5% mobile money penetration rate (active mobile money users / total mobile phone subscribers)
- At least five types applications using mobile money (P2P, salary payments, utility payments, inbound remittances, domestic remittances, etc.)
- At least 10,000 mobile money agents among four mobile network operators
- At least 4,000 mobile money merchants (retailers, business owners, etc.)

Key indicators on mobile money have been incorporated by the Financial Supervision Division of DAB in monitoring the regular monthly performance of mobile money

operators in the implementation of mobile money to their subscriber base. Other data will be collected from mobile network operator partners and participating organizations.

A solid foundation was set during the first contract year for exponential growth in mobile money; team activities will continue to contribute to the following indicators.

Training Activities. Several key partnerships have been forged in training and capacity building. FAIDA will work with AIBF in the first quarter of 2012 on more than 500 hours of training for the certification and testing of compliance officers under the new Electronic Money Institution (EMI) regulations by Da Afghanistan Bank. Loan officers of Mutahid Microfinance Institution will receive training on the use and advantages of mobile money for loans disbursements and repayments. Selected Afghan women's business organizations will be the target of at least 10,000 hours of capacity-building efforts in mobile technology and mobile money benefits. Over 100,000 hours of training will take place for mobile money agents.

Regulatory Activities. As reported within Result Three, amendments to the existing Electronic Money Institution regulation were necessary to improve corporate governance, transparency, audit review as well as greatly improved know-you-customer procedures to counter money laundering and terrorist financing practices.

Result Four contributed to the revisions and led numerous public-private dialogues and working groups to develop the final draft of the regulation. Result Four collaborated with Result Three in delivering capacity-building programs with officers and representatives of the Financial Services Division and Legal Department of Da Afghanistan Bank.

FAIDA also sponsored the attendance of key government officials from the Ministry of Communication and IT, Ministry of Finance, and Da Afghanistan Bank at the Global Standard Mobile (GSM) Money Summit held in Singapore in June, 2011. As a result of this trip, the Afghan delegates were introduced to different best practices of various mobile operators in terms of agent network deployment, mobile money functionalities, regulatory review and other success stories in the deployment of mobile money services.

Result Four Indicators

The tables below and related narratives describe Result Four progress towards contractual indicators, which were updated in FAIDA's most recently submitted PMP:

Code	Indicator	Total Achieved During Period		
		Q1	Q2	Q3
4.1	Number of mobile money agents		100	
4.2	Number of partner institutions using mMoney applications		2	
4.3	Number of participating merchants		4	

4.4	Number of GIRoA and local government employees who receive salaries through mobile money		0	
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FAIDA was instrumental in the formation and organization of the Association of Mobile Money Operators in Afghanistan (AMMOA), one of the first such organizations in the world. At monthly meetings, common business interests are shared and discussed by the mobile network operators in order to encourage the early and successful adoption of mobile money in Afghanistan.

Result Four has played a key role in forging many of the partnerships between these MNOs and the other organizations listed below; the initiatives in which they are collaborating show great promise in contributing to the expansion of mMoney across Afghanistan.

Three grants have been signed with MNOs to date under the FAIDA mMoney Innovation Grant fund and are in the early stages of implementation:

"MTN has always been an active member of each and every community in which it operates, and with USAID's partnership, we tread on yet another path toward progress and development, helping us to empower and support Afghan citizens"

-Hassan Jaber, CEO
MTN Afghanistan



(From top) Representatives from MTN, Etisalat, and Roshan, M-Paisa, USAID, and FAIDA participate in the signing of the first three innovation grants

MTN will partner with the Ministry of Education and New Kabul Bank with a \$957,370 grant for a mMoney project facilitating public school teachers' salary disbursement in ten provinces throughout Afghanistan. This will make it possible for teachers to receive their salaries on time. By the end of 2012, approximately 235,000 MTN subscribers and teachers will benefit from the services of mobile money.

Etisalat has been awarded a grant of \$ 717,405 which it will use to partner with Da Afghanistan Breshna Sherkat (DABS), the Afghan energy utility provider and Pashtany and Azizi Banks to implement a project for payment of utility bills through a mobile money application in Kandahar province. Approximately 50,000 households will be covered under this service by the end of 2012.

Roshan M-Paisa will facilitate the loans disbursement and repayments for Mutahid Microfinance Institution's clients. By the end of the fiscal year, around 15,000 Mutahid borrowers in five provinces will

benefit from this service. This is made possible with the \$362,305 grant.

Several microfinance institutions are also exploring mobile money in addition to Mutahid Microfinance through the Roshan M-Paisa Grant. The Islamic Investment and Finance Cooperatives (IIFC), Oxus Microfinance Institution and FINCA may soon introduce mobile loan disbursements, repayments, and instruments for savings of borrowers. In addition to micro loans, Farm Service Centers (FSCs) across Afghanistan have begun investigating pilot projects to use mobile money for farmers' credit facilities.

Furthermore, commercial banks are now actively pursuing the integration of their core banking system with the mobile money platform of the MNOs in order to provide seamless exchange of electronic transactions between a bank account and mobile money wallets. The New Kabul Bank, Azizi Bank, and Pashtany Bank are paving the way for this bank integration with the MNOs.

FAIDA has also initiated many partnerships with government institutions and agencies to improve government services. These include:

- Afghan National Police: salary payments
- Ministry of Education: salary payments
- Ministry of Labor, Social Affairs, Martyrs and Disabled: pension payments
- Afghanistan Investment and Support Agency: fees for business registration and renewal
- Ministry of Communications and IT/Afghan Post: money remittance payments
- Ministry of Women's Affairs: gender program using women as agents
- Ministry of Health: salaries for vaccinators and other health workers

USAID and World Bank programs who are exploring mobile money solutions include:

- Afghan Citizens Assistance Program (ACAP) II: for distribution of funds to families affected by the war
- District Delivery Program (DDP): for salary top-up of government officials
- National Payment System under the World Bank on bank integration with mobile wallets

Grants and Subcontracts

The FAIDA Grants and Subcontracts department completed and submitted the Grants Manual to USAID soon after arriving in country. However, the manual had to be revised because of a Mission Order on Vetting Requirements that changes procedures for awarding grants. The manual was re-submitted to USAID in late May.

The Grants and Subcontracts section has held three sessions to familiarize FAIDA staff with the grant program's systems and procedures. It has also developed more than 40 templates, including tracking forms to accelerate the solicitation, review, selection and award of grants.

FAIDA issued three different solicitations to request applications under the grant program:

Annual Program Statements (APS)

APS No1 - mMoney Innovation Grants Fund

On April 18, 2011, FAIDA published in ACBAR its first Annual Program Statement, the "mMoney Innovation Grants Fund APS." The objective is to support development of a mobile money ecosystem by sharing initial costs. A total of \$5 million will be allocated to fund projects for this purpose.

APS No2 – Financial Associations and Enabling Organizations Grant Fund"

On November 22, 2011, FAIDA organized a presentation on Annual Program Statement number 2, "Financial Associations and Enabling Organizations Grant Fund". The aim of the meeting was to present to interested organizations the APS procedures for application, and answer questions that interested parties had in relation to APS.

Request for Applications (RFA)

RFA No1 - Access to Finance for Businesswomen in Afghanistan

FAIDA Grant Department finalized the Request for Application (RFA) Access to Finance for Businesswomen in Afghanistan. The RFA was published for solicitation on December 14, 2011. FAIDA organized an Informative session for this RFA, where interested parties could hear about the RFA objectives, expectations and requirements. This was an opportunity for all participants to ask questions and learn more about the application format and how to complete a successful application.

The objectives of the FAIDA Access to Finance to Business Women in Afghanistan grants are to:

- Support activities that will facilitate access to finance for business women in Afghanistan.
- Support the creation of sustainable centers to grow and develop the business capacities of women in Afghanistan, allowing them to participate in and benefit from the commercial lending sector.
- Increase the number of loans and the loan amounts provided to businesswomen in Afghanistan, which will contribute to job creation.

- Support activities that will help Afghan women successfully repay their loans and expand follow-on lending

On August 28, FIADA signed a grant agreement with AMA. The objective of this grant was to support the association with furniture and equipment, so to enable them to function and operate normally as an association. This was an in-kind grant agreement, meaning that the goods were procured by FAIDA and delivered to the association.

Grant awards signed in 2011

- AMA: AFN 855,500 (US \$18,202)
- AIBF: AFN 4,445,260 (US \$94,580)
- AMA: AFN 2,400,000 (US \$49,679)
- MTN: AFN 45,953,760 (US \$957,370)
- Etisalat: AFA34,012,189 (US \$717,405)
- M-Paisa: AFA17,390,654 (US \$362,305)

On October 1, 2011, FAIDA awarded a grant to AIBF. The funding from the grant is dedicated to initiate targeted programs to strengthen financial sector skills and education. There are three main objectives of this grant activity: 1. Launch a Distance Learning Program (three diploma programs: Microfinance, Managerial Accounting and Human Resource Management), in collaboration with Kampala International University (KIU), 2. Set up a Microfinance Department and, 3. Set up an Islamic Finance Department.

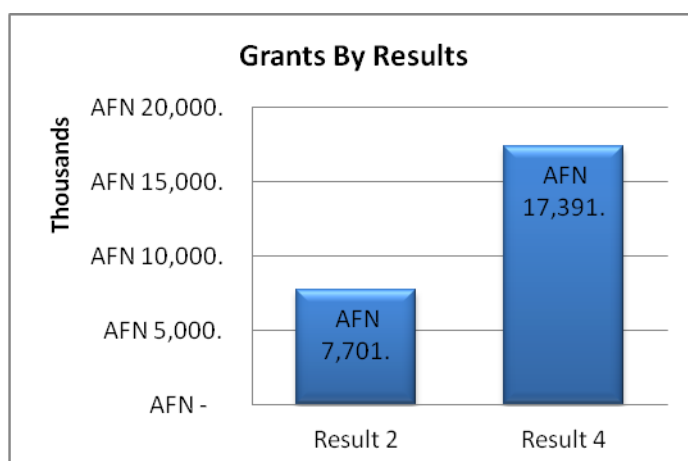
On November 1, FAIDA signed another grant agreement with AMA. The objective of this grant is to initiate program activities in AMA: membership expansion, regional coordination and networking, and trainings to MFI staff in the regions outside Kabul.

On November 2, 2011, FAIDA signed a Grant Agreement with Roshan, M-Paisa who will implement *M-Paisa Ecosystem Implementation for Mutahid*. Before the ceremony, FAIDA presented the grant agreement package and explained all the terms and conditions of the agreement including roles and responsibilities of each party. Present at this signing ceremony were also USAID representatives Mr. Scott Brown and Mr. Zachariah Ratemo.

On November 27, 2011, FAIDA signed a Grant Agreement with MTN who will implement *MobileMoney Expansion to the Urban/Rural population*. Before and after the grant agreement was signed, FAIDA had meeting with the grantee to present the grant agreement terms, conditions, roles, and responsibilities of the grantee during implementation of this grant activity. FAIDA grant team offered support for management and implementation of the project, with special focus on the process of procurement and overall management of the project in accordance with USAID grant management requirement.

On November 30, 2011, FAIDA signed a grant agreement with Etisalat who will implement, *Payments for the supply of electricity in Afghanistan*. A debriefing meeting with Etisalat to discuss roles, responsibilities and grant agreement terms and conditions took place December 12, 2011.

All of these grantees have no previous experience implementing USAID-funded projects, and as such there will be a need



for close oversight and support from FAIDA's Grant Team to ensure these grant activities are implemented in accordance with USAID grant administration requirements. Initial meetings and support have already taken place, and FAIDA agreed with grantees to provide this support on a continuous basis.

Subcontracts Report

The subcontracts section supported the operations department in the solicitation and selection/approval process of subcontracts throughout the year. The subcontracts department prepared the *Subcontracts and Procurement Manual* for FAIDA to guide subcontracting procedures of solicitation, evaluation, selection, and oversight for subcontracts and procurement under FAIDA.

FAIDA issued one RFP for support of program activities through a subcontract:

Request for Proposals (RFP)

RFP No1 - University Contest for Students on Mobile Money Applications

The objectives of this contest for university students are as follows:

- To tap brilliant young minds in developing innovative applications for mobile money.
- To increase the number of mobile money applications that are relevant to students and their social networks.
- To work with the Ministry of Education, Ministry of Communications and Information Technology (IT), and private sector groups in order for mobile money to be a key instrument in economic growth and nation-building.

On October 10, 2011, FAIDA awarded a subcontract to Strategic Social to implement *a contest for university students to develop mobile money applications*.

ANNEX A. YEAR ONE RESULTS BY INDICATOR

Code	Indicators	Target Year One	Actual (Feb 2011 - Dec. 31, 2011)	Percentage Reached
A	Number of Full-Time Equivalent (FTE) Jobs Created	1,200	50	4% ⁵
1.1	Number of families benefitted	2,500	730	29%
1.2	Amount of private financing mobilized	3,500,000	350,000	10%
1.3	Number Businesses supported with U.S. government assistance	150	65	43%
1.4	Number of new financial products developed by U.S. government-assisted financial institutions	6	3	50%
2.1	Number of financial sector training and/or certification programs established or supported that meet international standards	47	42	89%
2.2	Number of financial sector employees trained with U.S. government assistance	325	371	114%
2.3	Number of financial sector professionals/supervisors trained with U.S. government assistance	150	109	73%
2.4	Number of financial institutions with enhanced capacity as result of U.S. government assistance	18	22	122%
3.1	Number of public-private dialogue mechanisms utilized as a result of USG assistance	12	11	92%
3.2	Number of working groups established to address financial sector development issues as a result of USG assistance	7	6	86%
3.3	Number of comments provided on financial sector related laws and regulations as a result of U.S. government assistance	10	9	90%

⁵ For more context on these indicators and their results, please see report sections for Results One and Four.

4.1	Number of mobile money agents	-	100	-
4.2	Number of partner institutions using mobile money applications	-	2	-
4.3	Number of participating merchants	-	4	-
4.4	Number of GIRoA and local government employees who receive salaries through mobile money	-	-	-

ANNEX B. RESULT ONE DEALS

	Type of Activity	Jobs	Dollar Value (USD)	Present Status
1	Tak Dana Export & Import Co.	10	\$250,000	Approved
2	Nawin Maihan Electric Co.	8	\$100,000	Approved
3	Mowj Bakhtari Carton Production	21	\$115,000	Under Internal Review
4	Wardak FSC - Laghman Cold Storage		\$100,000	Under Internal Review
5	Kashif Mansoor Soaf Mfg. Co	33	\$100,000	Under Internal Review
6	Garmafan Installation & Service Co.	140	\$400,000	Under Internal Review
7	Jahan Noma Jaghoori Marble Production Company	30	\$200,000	Under Internal Review
8	Khurasan Ice Factory	25	\$100,000	Under Internal Review
9	Arya Milllat Plas	20	\$60,000	Under Internal Review
10	Sanizada Edible Oil Co.	350	\$200,000	Under Internal Review
11	Habib Faizi Co. Ltd	1,400	\$1,000,000	Under Internal Review
12	Khosh Pesand Kitchen and Cabinen Production Co.	23	\$50,000	Under Internal Review
13	Afghan Bam Construction Co.	29	\$300,000	Under Internal Review
14	Khush Dawam Goods Co.	30	\$140,000	Under Internal Review
15	Zob e Ahan Jama Abdurahman Baba Steel Mill	200	\$500,000	Under Internal Review
16	kandahar Women Sewing Training Center	20	\$13,000	Under Internal Review
17	Afghan Sorghar	20	\$180,000	Under Internal Review
18	DRFPD (Dehqan Roz)	20	\$230,000	Under Internal Review
19	Kifayat Atimat Company	40	\$300,000	Under Internal Review

20	Murad Maiwand Company	10	\$100,000	Under Internal Review
21	Ahmadzai Rikshah Motor Co.	300	\$2,000,000	Under Internal Review
22	Kunar Farm Store	220 (120 women)	\$300,000	Under bank consideration
23	Asia Behnam PE pipe Production Company	90	\$300,000	Under bank consideration
24	Nek Qadam Jawed Marble Indsutry Company	180	\$700,000	Under bank consideration
25	Qarizada Tomato Paste Production Company	140	\$144,500	Under bank consideration
26	Marble Processing & Cutting Factory	20	\$100,000	Under bank consideration
27	Masroor Food Production co.	25	\$150,000	Under bank consideration
28	Naqsh e Jahan Marble Creating Masterpieces	30	\$200,000	Under bank consideration
29	Shokoh	12	\$40,000	Under bank consideration
30	Mustafa Aziz Food Production Co.	20	\$100,000	Under bank consideration
31	Sail Food Production Co.	45	\$100,000	Under bank consideration
32	KAKA KOT Cooperative	100	\$350,000	Under bank consideration
33	Amir Faisal Flour Pro.&Tra. Company	200	\$1,500,000	Under bank consideration
34	Sheerpur Sultani Flour Mills Production Co.	20	\$600,000	Under bank consideration
35	Abdul Hakim Qayom Co. Ltd	10	\$500,000	Under bank consideration
36	Sadeq Matin Afghan Ltd.	40	\$100,000	Under bank consideration
37	Hirat Cashmere and Skin Processing Plant	1,100	\$3,000,000	Under bank consideration
38	Shamshad Food Production Co.	14	\$100,000	Under bank consideration
39	Sahra Needle Work	35	\$30,000	Under bank consideration
40	Ahmadullah Food Processing Limited	10	\$100,000	Under bank consideration
41	Kabul Ulya Car Selling business	5	\$100,000	Under bank consideration

ANNEX C. RESULT TWO TRAININGS

#	Institution	Name of Training	Date	Number of Participants
1	FAIDA	Field Survey Training	6/12/11	13
2	FAIDA	Internal control and audit from Credit/lending perspective	6/25/11	16
3	DAB	Financial statement analysis	6/29/11	6
4	DAB	IFRS and Financial Statement Analysis	7/17/11	6
5	DAB	Change of Control Application	7/17/11	2
6	DAB	Specific Bank Financial Statement Analysis	7/23/11	6
7	AIBF	Client Protection Principles	8/10/11	18
8	AIBF	Participatory Methodologies (mentoring AIBF microfinance trainers)	8/13/11	2
9	AIBF	Presentation Skills (On the job support)	8/14/11	1
10	CNFA	Mobile Money Introduction Orientation	8/14/11	22
11	FAIDA	Doing Business Indicator	9/4/11	14
12	AIBF	Measuring MFI Performance	9/11/11	14
13	AIBF	Measuring MFI Performance (Training of Trainers)	9/11/11	3
14	MISFA	Accounting Cycle in MFIs	9/11/11	6
15	AIBF	Accounting For Bankers Final Examination	9/11/11	9
16	AIBF	GOALS Course	9/12/11	15
17	AIBF	Financial Statements Analysis (On the job support)	9/25/11	1
18	AIBF	Risk Management	9/25/11	5
19	MISFA	Understanding Monthly Progress Reports (MPRs) - On the job support	9/27/11	6

20	MISFA	Accounting Cycle in MFIs	10/4/11	6
21	AIBF	Commercial Credit	10/4/11	7
22	AIBF	Communication Skills	10/10/11	10
23	AIBF	Bank Marketing	10/10/11	7
24	AIBF	Branch Banking	10/15/11	7
25	AIBF	Bank Financial Statements and DAB Reporting	10/16/11	12
26	AIBF	Women Forum in Finance	10/19/11	14
27	Banks	AIBF & FAIDA Executive Workshop on Product Development	10/24/11	22
28	AIBF	Leadership	10/29/11	5
29	AIBF	Law of Negotiable instruments and KYC	11/14/11	5
30	AIBF	Mentoring Program in Capital Adequacy Regulation	11/20/11	2
31	AIBF	BIBM TTT Programs Assessment	11/22/11	10
32	AIBF	Mentoring Program in Asset Classification Regulation	11/22/11	2
33	AIBF	AML "CAMP" (Mock Examination)	11/23/11	10
34	AIBF	Review of result of CAMP and guidance for final exam	11/27/11	7
35	ACCI	Mobile Money Introduction workshop	12/10/11	38
36	ACCI	Elements of Business/Gender Society	12/10/11	42
37	ACCI	Concept Note, Business Plan and Finance Marketing & budgeting	12/11/11	42
38	Roshan	M-Paisa training on registration and services	12/11/11	7
39	AMA	Peer Learning Workshops	12/19/11	14
40	AMA	Islamic Finance Orientation	12/20/11	19
41	IIFC Group	Mobile Money Field Survey	12/27/11	6

42	WFF	Women Leadership Training	12/28/11	21
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ANNEX D. RESULT FOUR INITIATIVES

	GIRoA/ INSTITUTION	MOBILE MONEY APPLICATIONS	USAID GRANT	PROVINCE COVERAGE	EXPECTED RESULTS
1	Mutahid Microfinance Institution	Loan Payments and Disbursements	\$362,000 Grant approved	5 Provinces	15,000 borrowers
2	Ministry of Labor, Social Affairs, Martyrs & Disabled	Payment of monthly pensions and stipends	\$500,000 estimated Grant	3 Provinces	30,000 widows/dependent families
3	World Food Program	Vouchers for Food	Under Discussion with WFP	Kabul, Herat	TBD
4	Ministry of Education	Teachers' salary payments	\$957,000 Grant approved	10 Provinces	20,000 school teachers
5	Farm Service Center Alliance	Farmers' loan repayments	\$250,000 estimated Grant	4 Provinces	10,000 Farmers
6	DABS Electricity Board	Electricity bill payments	\$717,000 Grant approved	Kandahar	50,000 utility customers
7	Mercy Corps	Water utility payments	Concept Paper underway	TBD	TBD
8	Ministry of Women's Affairs	Women's garden business opportunities	MOU for signing by January	4 Provinces	20,000 Women
9	Ministry of Interior/CSTC-A	ANP Salary payments and Biometric Registration	\$500,000 estimated Grant	Kandahar	10,000 ANP Personnel and Families
10	Ministry of Communications and IT (MCIT)	Cash-in/out, money remittance, biometric registration	Under Discussion	3 Provinces	10 Post Offices
11	Association of Mobile Money Operators of Afghanistan	University Contest for Students (Freshman-Senior)	US\$80,000; March 2012	18 Provinces	8 Top Applications
12	Afghan Payment System/World Bank	National Payment Switch	\$650,000 estimated Grant	All Banks and MNOs	Interoperability of Banks & MNOs
13	IDLG/District Delivery Program	Payment of top-ups	Not Applicable	45 Districts	3,500 GIRoA Officials
14	ACAP II	Civilian Casualties Payments	Not Applicable	Southern Province	1,000 families